

Message Text

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PAGE 01 JIDDA 00481 310854Z

51

ACTION NEA-05

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /013 W

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R 301001Z JAN 74

FM AMEMBASSY JIDDA

TO USDOC

INFO SECSTATE WASHDC 6033

AMCONSUL DHAHRAN

AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

UNCLAS JIDDA 481

E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: MARKET RESEARCH

REF STATE 1842

1. GREATEST POTENTIAL FOR INCREMENTAL SALES IN SAUDI ARABIA IS IN CATEGORIES WHICH RELATE WELL TO PRODUCE ORIENTED PROMOTION--I.E., GOV'T TENDERS, TURN-KEY PROJECTS, ETC. WE ARE BEGINNING TO QUESTION THE UTILITY OF TRADITIONAL PRODUCT-ORIENTED TRADE PROMOTION DEVICES FOR SAUDI ARABIA DURING THE CURRENT PHASE OF ITS ECONOMIC DEVELOPMENT. ALTHOUGH THERE MAY BE SOME EXCEPTIONS TO THIS, PARTICULARLY IN THE AREA OF CONSUMER GOODS, THE DOLLAR POTENTIAL INVOLVED IS SMALL IN COMPARISON TO THE MAJOR PROJECTS ON WHICH WE SHOULD CONCENTRATE OUR RESOURCES.

2. HOWEVER, WE WELCOME VISIT OF MRO, AS OPPORTUNITY TO EXPLORE ALTERNATIVE APPROACHES AS WELL AS TO PROCEED WITH CURRENT PROGRAM WHILE TECHNIQUES MORE SUITABLE FOR PECULIARITIES OF SAUDI MARKET ARE BEING DEVELOPED.

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3. OF SEVEN CATEGORIES IN REFTTEL, BUSINESS EQUIPMENT AND SYSTEMS UNDOUBTEDLY OFFERS GREATEST IMMEDIATE POTENTIAL. WOULD GUESTIMATE CURRENT MARKET AT 4 TO 6 MILLION DOLLARS ANNUALLY. SMALL COMPUTERS MAY HAVE SOME LATENT POTENTIAL, BUT, ALONG WITH FOOD PROCESSING EQUIPMENT, TYPIFY THE PROBLEM OF ATTEMPTING PRODUCT PROMOTION HERE: IN THE ABSENCE OF ANY INDIGENOUS CAPABILITY OF EXPERTISE IN SUCH FIELDS, THE SAUDIS ARE SEEKING PROJECT CONTRACTS AND/OR JOINT VENTURES AS THEY ARE NOT YET ABLE TO UTILIZE SUCH HARDWARE ON THEIR OWN. WE ARE SKEPTICAL ABOUT SPORTS AND RECREATION EQUIPMENT, BUT MRO POSSIBLY COULD DISCOVER POTENTIAL HERE NOT IMMEDIATELY APPARENT ON THE SURFACE. REMAINING LISTED CATEGORIES OFFER NO SIGNIFICANT POTENTIAL WHATEVER AT THIS TIME. CONSTRUCTION AND BUILDING MATERIALS IS A CATEGORY WHICH UNDOUBTEDLY DESERVES SOME RESEARCH. CONSTRUCTION IS AN IMPORTANT GROWTH AREA HERE, AND, UNLIKE SO MANY OTHER AREAS, IS ONE IN WHICH THERE IS CONSIDERABLE EXISTING CAPABILITY AND THEREFORE DEMAND FOR INDIVIDUAL PRODUCTS.
AKINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JIDDA00481
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974016/aaaaafgp.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 1842
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 01 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 OCT 2002 by daviscw>; APPROVED <25-Nov-2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARKET RESEARCH
TAGS: BEXP, SA
To: COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005